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B.C. Public Works

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Turner

PUBLIC WORKS POLICY

Outlined by The Premier in His Speech on
The Second Reading

Of the Public Works Loan Act by Which
\$5,000,000 Will be Spent

In Assisting Railway Development—The
Mackenzie & Mann Contract.

ADVANCE, BRITISH COLUMBIA.

(The Colonist, May 7, 1898.)

The cry of the people of British Columbia has been for a bold and aggressive policy, which would lead to the development of the great resources of the province, attract immigration and capital and generally contribute to its prosperity. This demand has been wholly reasonable. It has found expression in the opposition press. It has been urged by the opposition members of the legislature. The members of the house who usually vote with the government have united in the demand. The press which supports the government has taken a strong attitude in favor of it. The Colonist can fairly claim to have occupied an advanced position in regard to such a policy. To meet this demand much foresight, faith and courage have been required—foresight to discover not only what ought to be done, but what could be done; faith in the extent and value of the resources of the province; courage to meet the criticism that will and ought to be directed to every proposition involving large public expenditures. We feel that we can say of the Loan bill, the second reading of which Hon. Mr.

Turner moved yesterday, that it displays in a high degree these three admirable and necessary qualities. If it becomes the law of the province and its several provisions are acted upon, Mr. Turner and his colleagues will take a place in the history of British Columbia and Canada, scarcely second to any public men the Dominion has produced, as promoters of material prosperity. The privilege which Mr. Turner had yesterday, of standing in his place in the house and announcing that the government of which he is the leader has made arrangements which will secure the immediate beginning of two great lines of railway from the Pacific Coast of the province to the interior, one through the southern and the other through the northern part of the province, and both to open to the world great gold fields, was one that has never fallen to the lot of any provincial premier to equal and has been surpassed in the history of Canada only by the announcement of the perfecting of arrangements for the construction of the Canadian Pacific. These two railways involve the construction of over eight hundred miles of road, through and to connect with what undoubtedly are the richest gold-bearing re-

gions in the world, but whose resources are not limited by the wealth which may be dug out of the bowels of the earth. The Premier stated his case so modestly that possibly the house hardly grasped its full significance; but it was an epoch-making declaration, presuming of course that the house places the government in a position to carry out the arrangements which have been provisionally made.

A PATRIOTIC NOT PARTY QUESTION.

From the outset the Colonist has asked the members of the legislature to approach this great question from a non-partizan standpoint. The credit for originating this bold and comprehensive policy must rest with the government; but the credit for its adoption can be shared in by members on both sides of the house. The question rises so far above all considerations of party politics, that one does not see them at all when regarding it, any more than when we look upon some grand mountain peak, rising clear and white into the blue heavens, we notice the mists which linger in the shadows of the foothills. It is not too much to say that the eyes of Canada are upon British Columbia at this crisis. Let our legislature acquit itself so that it will centre upon our province the eyes of the civilized world. We do not pretend to know how all the members will vote upon this loan bill; but we do know that the man who by his vote shall contribute to the defeat of the measure assumes a responsibility before the country, which nothing he may hereafter do as a public man will efface. A great policy has been announced. There is no alternative policy to be considered. It is this or nothing. The Dominion government has declared that it will do nothing for the railway to the North this year. The railway in the South cannot be carried out unless this bill becomes law. If this bill does not go through a year with all its priceless opportunities will be lost. What man is there who dares take the responsibility of this? Is there an individual in the house who will let his partizan feelings so blind his eyes to the great advantage of immediate action that he will not see where his duty lies in this great emergency?

NEW FEATURES.

The two new features in the loan bill are the extension of the railway provided for last year from the Coast to the Columbia river, and the line from the Coast to Teslin Lake. As nearly every one knows new bill amends, provided for a line from English Bluff on the Coast to Boundary Creek. This was recognized as

incomplete, but it was all that the government felt able to ask the house to grant at that time. It was hoped that the outstanding land subsidy would be sufficient, with what aid the Dominion government would give to secure the construction of the whole line. This anticipation has not been realized, but the government is now in a position to announce that if a subsidy of \$4,000 a mile is given for the whole line from the Coast to the Columbia the construction of the road will be at once begun. We do not believe there is any difference of opinion in the province as to the desirability of giving effect to this plan. The railway will be one of very great importance. It will open a splendid section of country. It will add enormously to the prosperity of those portions of the southern part of the province where settlers and miners are already established. It will tie the Coast more closely than ever to the interior, open new markets for our merchants and farmers, give an impetus to the settlement of a very valuable region and generally supply a new artery for industrial life along four hundred miles of the fairest portion of Canada. Surely for such a line of policy no argument is needed.

WILL STAND INVESTIGATION.

The plan for the construction of a railway from the Coast to Lake Teslin is one that will stand the closest investigation. If we argue for it more at length than for the other enterprise, it is not because its merits are less, but because they are less understood. One great beauty of the plan for the northern road is that it illustrates the truth of what Mr. Turner said in his speech yesterday—that as we grow older we learn better how to deal with enterprises of this nature. At first the province thought the best way to secure railways was to give large land grants. Then it decided to pledge its credit in the way of guaranteeing bonds. The next step was that adopted last year, namely of giving a definite amount out and out, the connection of the province with the undertaking to cease when the subsidy had been paid. This is the plan on which the Coast-Columbia and the Bute-Quessnelle road were subsidized. This year's plan is that adopted in connection with the northern railway, and is the greatest advance in railway subsidizing that has been made in Canada. The government gives a subsidy, which is not payable until the road is in a position to earn money, and immediately the road begins to earn anything it begins to pay back into the treasury the money which it received. It pays it back first in taxes and next in a fixed per centage of its

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gross earnings. If the road earns \$100 the province will get \$4, no matter how much it costs to operate the line. It is thus very clear, that, as the charge for interest and sinking fund on the subsidy is 4 per cent. when the earnings of the road reach \$4,000 a mile, that is the gross earnings, remember, without taking into account the operating expenses or any charges which the company may be at for interest, the subsidy will cease to be a charge upon the province. If the gross earnings exceed \$4,000 a mile the provincial interest in the railway will be a source of revenue to the province. Four thousand dollars a mile is by no means a large amount to put down for the earnings of a railway through such a country and leading to a region of such inestimable wealth as the Yukon. so we are not surprised that the intending contractors have stipulated that they shall be at liberty at any time to pay off the subsidy so as to relieve the road from this 4 per cent. charge. This arrangement is a distinct advance upon all previous plans made in Canada for subsidizing railways and we are sure will commend itself to public opinion not only within but outside of the province. The other details of the agreement are important, such as the immediate construction of the wagon road, the immediate beginning of work on both sections, the government control of freight rates and the selection of the ocean terminus by the government. Taken all in all, we think the most captious critics must admit that the interests of the province have been closely safeguarded in the contract which the government proposes to make with Messrs. Mackenzie, Mann & Co.

STRONG MEN.

The construction of this railway to the North will be in the hands of men who are strong financially and whose experience in railway work has been extensive. Messrs. Mackenzie, Mann & Co. are among the ablest railway constructors in America. They have a reputation for energy and business integrity which renders their undertaking to do a given piece of work a guarantee that it will be done in the time and manner specified; but in this instance they offer a direct pledge of good faith in the shape of a deposit of \$75,000 for each section of the railway, or \$150,000 in all. It is, of course, their interest to push the contract to completion at the earliest possible day. The sooner the work is done, the sooner it will earn money, and so likewise the sooner it will begin to repay the subsidy, which is in point of fact more in the nature of an advance than a gift, as is usually

the case with government contributions to railway undertakings.

THE FINANCIAL RESULTS.

Mr. Turner in his speech estimated that the returns from the 4 per cent. would amount to \$50,000 a year. What the revenue would be from the taxes on the road is easily calculated. The value per mile for assessment purposes is fixed at \$2,000 per mile, instead of \$3,000 as is the case with broad gauge roads. The mileage is 400 miles, which gives \$800,000 of taxable property. This at three-fifths of one per cent, the rate applying to the railway, will yield \$4,800 a year. This brings the estimated receipts from the railway up to within \$10,000 of what will be needed to meet the interest and sinking fund. To this must be added the personal tax of \$3 per capita, which each employee of the road must pay, which, with the other taxes derivable from the employees of the road, will reduce the estimated cost of this subsidy to the province to about \$8,000 a year from the outset and this will be liable to reduction yearly thereafter, until, as has been said above, the charge will be extinguished and the railway be a source of clear gain to the province, unless the company owning it shall repay the subsidy. Is there any reason to doubt such a result? We do not believe there is. No one can undertake to say what the resources of the Yukon and Northern British Columbia are, but there is sufficient evidence to warrant legislation in aid of railway construction in the manner contemplated. We know that more than a quarter of a million square miles of territory in Canada and a large area in interior Alaska will be tributary to this railway, no matter how many other lines may in the future be built to tap these great interior gold fields. This railway, coming to the Coast in a more southerly latitude than any other possible route, following a course to the north behind the Coast range, where the snow fall is comparatively light, intersecting a region of great promise, affording access to a vast territory to the East and Northeast and reaching the head waters of the finest of the Yukon tributaries, will be exceptionally well situated to compete for traffic when competition becomes possible. That the northern gold fields will be permanent is no longer a matter of doubt. For these reasons we claim that the proposed subsidy may properly be regarded as an advance to the company constructing the line of an amount not much more than sufficient to pay the freight charges on provisions and material used in construction, from Victoria or Vancouver to the

scene of operations. This bargain is an exceptionally favorable one, especially when we remember that in addition a public wagon road 150 miles long is to be built by the company. As a business arrangement the plan agreed upon will stand the closest scrutiny.

A PEOPLE'S POLICY.

The great majority of the people of British Columbia, without regard to locality or political sympathy, will endorse the whole policy which finds expression in the Loan bill. Those residents of Kootenay, who are said to be hostile to that portion of the measure which provides for the railway to the Yukon, will surely see that the plan submitted to the house is one to which they cannot refuse their support. Surely the people of that favored portion of British Columbia will not be so utterly sectional as to expect their representatives to withhold their sanction from this measure as an entirety. Is there a shadow of doubt that, if such a plan, as that for the Yukon railway, were proposed for a line in any part of Kootenay, every voter in that part of the country would hold up both hands for it? Would they not say at once that all the province is asked to do in effect is to borrow the money and let the railway pay the interest and sinking fund? Will the people of the Lower Fraser justify their representatives in blocking-projects that will open to the farmers of British Columbia the best markets in America? We do not believe they will, any more than the people of the Coast cities would support their representatives in such a course. The measure is in the hands of the house. We look for its passage by a good majority, but would be more than gratified to chronicle that it had met with unanimous support. Some days ago the Colonist appealed to Mr. Semlin, as leader of the opposition, to throw partizanship to the winds for the occasion and join hands with the government in carrying through this great measure. He will resume the debate on Monday, and he has the political opportunity of his life. He can rise at one step to as high a pedestal as ever was occupied by the leader of a provincial opposition in Canada, by closing his speech with seconding the Premier's motion for the second reading of the bill. He would lose nothing, but on the contrary would gain immensely by such a course. It would be a fitting culmination to his political record. Next Monday will be the beginning of the last week of the last session of the present parliament of British Columbia. Let it be the beginning of a new era in the history of our imperial province. Let the representatives of the people show the

world that, differ as they may on political issues, they are as one on the great question of provincial development, one in their faith in the resources of British Columbia, one in their determination that the golden opportunity at hand shall not slip by unimproved. Let both sides of the house proclaim as with one voice: Advance, British Columbia!

THE PREMIER'S SPEECH.

Proceeding to move the second reading of the bill Hon. Mr. Turner said: Mr. Speaker, as has already been stated frequently this is a most important bill—one of the most important that has been brought into the house this session, although there have been so many important bills before us this session looking to the development of British Columbia that I find it difficult to say which is the most important of the number. Still it cannot be doubted that this bill takes its place as the most important measure to be placed before the house for consideration. Owing to the fact that the present rules of the house do not make it necessary to reproduce the sections which are to be amended the bill is perhaps on the face of it a little misleading to the general public without an explanation. It might seem at first sight as if it is proposed by this bill to borrow \$5,000,000; but as a fact it is only to give power to borrow \$2,500,000 more than has already been authorized by the bill which was passed by the legislature last session and which the present bill proposes to amend. In the bill which passed the house last year several very important lines which again appear in this present bill are provided for. Those roads are the one from Penticton to Boundary creek, the road from the coast to Penticton, and the road from Bute inlet to Quesnelle, or 560 miles in all. Now it is proposed to raise \$2,500,000 more for the purpose of aiding in the construction of 480 miles more of railways. The most important part of this is that intended to assist in building a railway from some point on the coast of the province to Teslin lake. That section of the province has been so very prominently before the public for the past year that it is almost unnecessary for me to advert to it, but from the opinions of those best qualified to know and from the information set out in the public press the general feeling among the people of the province is that for the development of British Columbia it is absolutely necessary to have that extreme northern portion of the province opened up by means of railways.

A BOLD, PROGRESSIVE POLICY.

It was by a bold, progressive policy of aiding railways that has had the de-

sirable effect of developing the Kootenay and Okanagan country in the southern part of the province and has brought about such magnificent results. Now it is proposed to go hundreds of miles North to develop those sections which had hitherto in a large measure lain dormant. I feel sure that such a bold, progressive policy is acceptable to the province. It is perhaps a large sum of money but the government is encouraged in bringing in the bill from the fact that we know of the success attending the railway works already assisted by the province. It is really owing to the policy of this government in subsidizing such roads as the Columbia & Western, the Shuswap & Okanagan, the Kaslo & Slocan and other lines that these lines were built and the country opened up to the extent that it is to-day. I do not believe that Kootenay would to-day be returning one-quarter or even one-tenth of revenue she is now doing if it had not been for undertaking such enterprises, for beyond a shadow of doubt those railways would not have been built so speedily had it not been for government assistance. There have been many opinions as to the most advantageous method for subsidizing railways. Several methods have been tried and these have been modified from time to time as experience and better knowledge of conditions had indicated as desirable. At first little was known of the conditions and results could not be reasonably anticipated, but as time went on the province gradually changed its policy until last year, when the house had adopted the plan of granting a subsidy of so much per mile. There was an uncertainty about the system of guaranteeing bonds as to the exact amounts which the province would have to pay and consequently the government believed that the present plan of a cash subsidy with participating benefits is the best method.

GOVERNMENT OWNERSHIP.

Of course, there are people who advocate state ownership of railways and a great deal may be said in favor of that policy as applied to certain countries. In New Zealand I believe that this has been to a certain extent successful, though the blue books do not give all the details necessary to show that the success has been as great as claimed. Still there can be no comparison between New Zealand and British Columbia for the conditions in the two countries are so different. In New Zealand the population is distributed evenly over the whole country, and being a colony by itself and not a province the government has control of the tariff revenues, an advantage which British Columbia does

not possess. Having control of its tariff and all other sources of revenue New Zealand is in a position to which we can never attain. It can not only vary its tariff to meet its requirements but it can control its railways absolutely. I will not discuss whether the Dominion would be wise or not to take over the railway system of Canada, but I do say that British Columbia as a province is not in a position to undertake such a grave responsibility on its own behalf. In New Zealand, though it appears that many lines do not pay, yet on the average and by the big profits made on the lines running through the more thickly settled portions of the colony the average return is something like 3 1-3 per cent. on the expenditure. It is important to know what rates are charged by the railways, but the blue books do not show that. However, reading the London Times I observe that it is stated that although New Zealand is a beautiful country and comparatively prosperous its railways afford the worst travelling accommodation in the world.

Not only is this accommodation indifferent, but the trains are slow, starting when they like and very uncertain as to the time when they will arrive at their destination. I do not know if this is a faithful picture, but Max O'Rell testifies to it. From this it is apparent that the fact of government ownership of railways paying in New Zealand does not prove that it will pay here. There the colony is self-contained, so it does not much matter how the trains run as everyone is on an equal footing. Here we are brought into competition with a gigantic railway system that would swamp roads run under New Zealand conditions.

THE BEST SYSTEM.

We think that the best system at present to encourage railways is to give a definite sum as a subsidy. This railway from the coast to Teslin lake will open up the Omineca and Cassiar country, which from the information which we have, promise to be as wealthy as any portion of the province and may possibly prove to be the wealthiest. With the development which will be brought about by a railway we will soon see a very large number of settlers in those districts—for even now people are going in there fast and when a railway is constructed there will be vastly increased facilities for an in-flow of population. We want to see the northern part of the province increase in population in the same degree as in the southern portion and I feel sure that with railway communication inaugurated and that established we will have 50,000 or 60,000

people there in a very short time. It has been said that this railway will benefit the Dominion more than it will the province, and that the revenue from the districts will go largely to the Dominion. That is no reasonable argument why it should not be constructed. Even if two-thirds of the revenue went to the Dominion and one-third to the province it would be foolish for the province to do nothing. The proper argument is that the road will benefit British Columbia, that it will develop the resources of Omineca and Cassiar, that it will be of benefit to the towns and cities of the Coast, and that it will contribute materially to the prosperity of the whole of the province. It will open up a mining section of wonderful possibilities. It will open up the Skeena valley and the lands beyond, where agriculture and stock raising can be carried on. It will benefit the farmers on the Fraser valley and the Coast districts, for it will open up to them larger markets and improved prices for their produce. We all know what beneficial influences the lines in the Kootenay country have had and how the Okanagan district has grown and developed from the enlargement of the mining interests through the advent of railways. This line is the one which will largely carry the people going into the Yukon and besides that pass through a country that will attract people to stop and settle or prospect. Even if all the people at first do pass through to the Yukon they will have brought in large sums of money which will be distributed throughout the province and then when the reaction sets in and the people begin to return, the important works going on in the northern portion of the province will give employment to many and will induce many more to settle there adding their quota to the wealth and population of British Columbia, and aiding as well in discovering new mines and developing fresh resources.

OTHER LINES OF RAILWAY.

The other new railroad provided for in the bill is that from Robson to Boundary creek, approximately a distance of 80 miles. There is already a line which has a charter and a land grant for that portion of the road, but it is proposed to modify this arrangement so that the land grant will be changed into a money subsidy. Of course, any line that takes up the money subsidy loses the land subsidy. This line, giving as it does connection with Penticton, will be of very great importance to the province by giving a connection with the Shuswap & Okanagan and making that part of a through system of railway. The guarantee of this road is at present a heavy tax on

the province and if it only pays that the new road will pay very well. It will open up new outlets for the Okanagan and be very advantageous to the country. I have not yet referred to the arrangements proposed for carrying out these great works. The fact is that the line between Robson and Penticton will be going on very shortly and will be under way before August. The other portion from Penticton to Boundary in another month. The building of the line to the North is the one that presents the greatest difficulty. We had many interviews with railway men on the subject and finally were enabled to come to an understanding on all points. The contractors are ready to agree to build a wagon road immediately over the section from the Stikine to Teslin lake and to have it finished within three months, that any work done by the province and any expenditure by the government on the road will be assumed by the contractors; that the work on both sections of the railway will begin before June 1; that the northern section will be finished by August, 1899, and that the southern section shall be completed two and a half years after the selection of an ocean port. The contractors will be paid \$4,000 a mile subsidy only upon the completion of each section and when the railway is running and not before. This railway will return to the government 4 per cent. on the gross earnings of the line.

Mr. Williams—Gross?

FOUR PER CENT. OF THE GROSS RECEIPTS.

Hon. Mr. Turner—Yes, gross, not net, and besides, as soon as it is completed the railway is taxable at the rate of \$2,000 a mile. This subsidy of \$4,000 a mile is not to exceed \$1,600,000 and will cost the province \$64,000 a year. The 4 per cent. on the gross receipts of the railway added to the tax on the road will give the province \$50,000 a year, so the difference the province will have to pay will be very small. In addition to these considerations there must be taken into consideration the taxation arising out of the development and settlement of the district which now yields very little revenue. Within three years the revenue will be \$20,000 or \$30,000 from this source alone. It is to be remembered, too, that there is a term by which the contractors are to put up \$75,000 security to the satisfaction of the Lieutenant-Governor-in-council for the construction of the line. The fact that the northern section is to be finished by August, 1899, means that this year a part of the road—fifty miles—will be ready this autumn and so reduce the distance to be travelled by trail materially.

The railway will open up the very important district of the Skeena river as well and also give communication with the great district of Omineca, one of the richest mineral districts on the continent. Consequently, this great work will recoup the province in a very few years for the outlay. British Columbia has been the boldest of any province of the Dominion in undertaking development works and in its railway policy and this means that by its progressiveness and enterprise over 1,000 miles of railway in British Columbia are due. I will now read the terms which Mackenzie & Mann are prepared to accept.

THE TERMS.

Victoria, B. C., April 30, 1898.

The Hon. J. H. Turner, Premier:

Dear Sir:—Referring to my communication to you of the 18th inst., re Teslin railway. My understanding of the matter is that on April 20th the terms therein set out were discussed and amended to further meet the government's demands, and that the proposition verbally accepted by the government now stands as follows:

The railway to be a through narrow gauge line from Teslin Lake to an ocean port in British Columbia.

The port to be selected jointly by the Provincial and Dominion governments.

The railway to be divided into two sections.

The northern section from the Stikine River to Teslin Lake.

The southern section from the Stikine to the ocean port.

Work to be commenced simultaneously on both sections at the Stikine before June 1st next.

Northern section to be finished by August 31st, 1898.

Southern section to be finished within two and a half years after selection of ocean port.

Government to grant cash subsidy of \$4,000 per mile for both sections.

Payable upon completion of each section.

The railway to be assessed at \$2,000 per mile when completed.

The government to receive 4 per cent. of the gross receipts of the railway.

The railway company to have the option of repaying at any time the total subsidy.

We to immediately construct, for the purposes of the railway (a wagon road over the northern section along the located line of railway).

The wagon road to be free to the public for transportation purposes during the construction of the railway.

We to take over and assume all expenditure in respect of any such wagon road under construction by the government at date of contract with us.

Security for the due performance of the whole work to be given to the satisfaction of the Lieutenant-Governor in Council in the sum of \$75,000 for each section forthwith upon the execution of the contract.

With reference to the modifications of the

above terms suggested verbally by the government to-day, I may say that I am willing to accede to the following:

1st. The subsidy to be \$4,000 per mile from Teslin Lake to an ocean port in British Columbia, to be nominated by the Lieutenant-Governor in Council and the Governor-General in Council, such subsidy not to exceed the aggregate sum of \$1,000,000.

2nd. The Lieutenant-Governor in Council to have supervision of the construction of the wagon road, also of the railway rates, which two matters shall be mutually adjusted and agreed upon before the execution of the contract.

I beg to say that my firm are prepared forthwith, upon the granting to them of the said subsidy, to execute a contract upon the above terms, so modified, with provision therein for the full and satisfactory equipment and operation of the railway.

I beg to remain,
Yours faithfully,

LEWIS LUKES.

For Mackenzie, Mann & Co.

AN OCEAN TERMINUS.

Mr. Cotton asked why the ocean port had to be designated by the Dominion as well as the Province.

Hon. Mr. Turner—It is important that the terminus of the railway on salt water be declared a port and it is only the Dominion who have the right to say where a port of entry shall be. Consequently it would have to be a place accessible to steamers. Some people have imagined that a northern port would injure the southern ports of British Columbia. This was evidently said without much thought, for I think the southern part of British Columbia is quite capable of taking care of itself. If we only had one or two ports on the Coast we would never amount to much. These other roads mentioned in the bill were in the bill last year. The Vancouver, Victoria and Eastern is already under subsidy and there is reason to believe that the Chilliwack section will be built this year. I have not had time to prepare a speech on this important bill as my time has been so fully occupied; but so large and important a subject is worthy of greater effort and greater than I could bring to bear on it. It does not, I am proud to say, require great eloquence. It speaks for itself. The advantages of the bill and the arrangements to which it gives effect are so evident that they may be readily understood, and plainly stated as sufficiently convincing without the aid of oratory. However, if gentlemen so desire I am quite willing that the debate be adjourned till Monday.

Mr. Semlin moved the adjournment of the debate, which was agreed to.